

MINUTES OF MEETING OF BOARD OF DIRECTORS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153
September 21, 2011

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 153 §

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 153 (the "District") met in regular session, open to the public at Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010, at 11:30 a.m. Wednesday, September 21, 2011, whereupon the roll was called of the members of the Board, to-wit:

Sam Claytor, Jr., President
Rick Soliz, Vice President
William Clarey, Secretary
Alan Waters, Treasurer
David Bloedorn, Assistant Secretary

All members of the Board were present, except Director Bloedorn. Also attending all or portions of the meeting were Mr. Gary Hastings of Municipal Operations & Consulting, Inc. ("MOC"), operator for the District; Ms. Amy Zapletal and Mr. Sam Zabaneh of Brown & Gay Engineers, Inc. ("BGE"), engineers for the District; Mr. Cory Burton of Municipal Accounts and Consulting, L.P. ("MA&C"), bookkeeper for the District; Mr. Eric Comeau of Bob Leared Interests, tax assessor-collector for the District; Ms. Cheryl Allen of Southwest Securities, financial advisor for the District; Mr. Ed Cocetti, District resident, and Mr. Neil Thomas and Ms. Yvette Deitrick of Fulbright & Jaworski L.L.P. ("F&J"), attorneys for the District.

The meeting was called to order and, in accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as Exhibit "A," the following business was transacted:

1. **Minutes of the meeting of August 17, 2011.** Minutes of the meeting of August 17, 2011, previously distributed to the Board, were presented for consideration and approval. Upon motion by Director Clarey, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve such minutes, as presented.
2. **Public Comments.** There were no public comments.
3. **Accept Resignation of Director Bloedorn.** Upon motion by Director Soliz, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to accept Director Bloedorn's resignation.

4. **Appointment of Director.** Upon motion by Director Clarey, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to appoint Mr. Cocetti to the Board.

5. **Election of Officers.** Upon motion by Director Clarey, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to elect Director Cocetti as Assistant Secretary.

6. **Resolution permitting financial advisor to bid on the bonds.** Ms. Allen reported that the Municipal Securities Rulemaking Board requires Board authorization for Southwest Securities, as the District's financial advisor, to also bid on the District's bond, and she requested authorization for Southwest Securities to bid on the bonds. Mr. Thomas presented to and reviewed with the Board the Resolution Permitting Financial Advisor to Bid on the District's Unlimited Tax Bond, Series 2011 ("Resolution"), a copy of which is attached hereto as Exhibit "B."

7. **Approve Order adopting and authorizing Official Notice of Sale and Bid form, authorizing distribution thereof and of a Preliminary Official Statement and authorizing publication of notice of sale.** The President recognized Ms. Allen, who presented to and reviewed with the Board the Preliminary Official Statement ("POS") and Notice of Sale for the Unlimited Tax Bonds, Series 2011, in the amount of \$3,600,000, a copy of which is attached hereto as Exhibit "C." Mr. Thomas presented to and reviewed with the Board the Order Adopting and Authorizing Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of a Preliminary Official Statement and Authorizing Publication of Notice of Sale for Unlimited Tax Bonds, Series 2011 ("Order"), a copy of which is attached hereto as Exhibit "D."

Director Waters joined the meeting.

Upon motion by Director Clarey, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Resolution, to authorize Southwest Securities to submit a competitive bid on the Series 2011 Bonds, to approve the POS and Notice of Sale, to approve the Order and the printing and distribution of the offering documents, and to designate the Bank of New York Mellon Trust Company, N.A. as the Paying Agent/Registrar for the Series 2011 Bonds.

8. **Designation of Paying Agent related to the Bonds.** This item was covered under #7.

9. **Consider the Financial Advisor's recommendation for the 2011 Tax Rate and Authorize Publication.** The President recognized Ms. Allen, who presented to and reviewed with the Board the Comparison of Historical Assessed Valuations and Tax Rates, a copy of which is attached hereto as Exhibit "E." Ms. Allen recommended a debt service tax rate of \$0.394 to provide the District sufficient funds to make debt service payments. The Board discussed its operating needs.

Mr. Thomas presented to the Board the Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connection with the Levy of a Tax for 2011,

a copy of which is attached hereto as Exhibit "F." Mr. Thomas informed the Board that this Order authorizes the tax assessor to publish a newspaper notice of the proposed tax rate and information on the public hearing on the tax rate.

Upon motion by Director Waters, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to propose a tax rate of \$0.44, of which \$0.394 would be for debt service and \$0.046 would be for maintenance and operations, and to approve the Order Designating Officer to Calculate and Publish Tax Rates and Taking Other Actions in Connections with the Levy of a Tax for 2011, authorizing the tax assessor to publish the proposed tax rate.

10. **Developer's Report.** The President recognized Ms. Zapletal, who reported that the water system costs to be shared with Harris County Municipal Utility District No. 494 ("MUD 494") were provided to the financial advisor for calculation of bond issuance and carrying costs to recoup.

Ms. Zapletal reported that D.R. Horton sold three homes in Waterhaven.

11. **Tax Assessor and Collector's Report, status of delinquent tax accounts, and payment of bills.** The President recognized Mr. Comeau, who presented to and reviewed with the Board the Tax Assessor-Collector's Report for August, a copy of which is attached hereto as Exhibit "G." Mr. Comeau reported that 98% of the District's 2010 taxes had been collected as of August 31, 2011.

Upon motion by Director Clarey, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor-Collector's Report and to authorize the expenditures listed therein.

12. **Bookkeeper's Report, Investment Report, a payment of bills and take any necessary action.** The President recognized Mr. Burton, who presented to and reviewed with the Board the Bookkeeper's Report, a copy of which is attached hereto as Exhibit "H." Mr. Burton reported that check #4366 is for the reimbursement to the resident on Hikers Trail Drive for the cleanup and restoration costs from the sanitary sewer backup. Mr. Burton noted that check #4393 to McCall, Gibson & Company, PLLC, is the final payment for the audit preparation. He reported that check #4400 to Schier Construction Co., Inc. in the amount of \$25,290.00 is for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements.

Mr. Burton reported that two Certificates of Deposit were purchased from the Operating Fund at Compass Bank and Enterprise Bank.

Upon motion by Director Waters, seconded by Director Soliz, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Bookkeeper's Report, and to authorize payment of the checks listed therein.

13. **Review Investment Policy and Make Any Desirable Changes Thereto.** The President recognized Mr. Thomas, who presented to and reviewed with the Board a revised Investment Policy. Mr. Thomas reported that the Investment Policy was modified to comply with recent changes to the Public Funds Investment Act.

Upon motion by Director Clarey, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to approve a Resolution Reviewing Investment Policy and Making Any Desirable Changes Thereto, a copy of which is attached hereto as Exhibit "I," thereby approving the modified Investment Policy.

14. Engineer's Report, including review of Engineer's projects and capital repairs. The President recognized Ms. Zapletal, who presented to and reviewed with the Board the Engineer's Report, a copy of which is attached hereto as Exhibit "J."

Ms. Zapletal reported on the Waterline Rehabilitation Phase One. She reported that BGE will meet with Insituform Technologies to review base bid and supplemental bid items that will utilize cured-in-place pipe. Ms. Zapletal reported that the preliminary plans will be provided to MOC for review and coordination of construction needs related to the new service installations. She reported that the determination to proceed with additional supplemental work will be made at the time of contract award, when costs can be compared to available bond funds. Ms. Zapletal requested Board authorization for BGE to advertise for bids upon receipt and implementation of all governmental agency comments.

Ms. Zapletal reported on the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements. She reported that the new tanks are scheduled for delivery on September 29, 2011. Ms. Zapletal recommended approval of payment of Pay Estimate #1 from Schier Construction Co., Inc. in the amount of \$25,290 for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements.

Ms. Zapletal reported that the Texas Commission on Environmental Quality ("TCEQ") has issued the Staff Memorandum and draft Order approving the issuance of the Bonds. She reported that BGE provided comments on the draft Order to F&J.

Ms. Zapletal reported that BGE will submit to the TCEQ the required Multi-Sector General Permit for storm water discharges from industrial activities renewal form for the Atascocita Joint Operations Board.

Upon motion by Director Waters, seconded by Director Clarey, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Engineer's Report, to authorize BGE to advertise for bids for the Waterline Rehabilitation Phase One, upon receipt and implementation of all governmental agency comments, and to approve payment of Pay Estimate #1 from Schier Construction Co., Inc. in the amount of \$25,290 for the Water Plant No. 1 Emergency Hydropneumatic Tank Replacements.

15. Atascocita Joint Operations Board report. Director Clarey reported that AJOB is considering a common Drought Contingency Plan among the AJOB utility districts so the residents will have the same water conservation measures implemented during drought conditions.

Mr. Zabaneh reported that the rake fell off at the Lift Station and fell approximately 35 feet into the wet well. He reported that the rake was removed and is being inspected to prevent recurrence of such event.

16. **Operator's Report and hearing on delinquent accounts.** The President recognized Mr. Hastings, who presented to and reviewed with the Board the Operations Report, a copy of which is attached hereto as Exhibit "K." Mr. Hastings reported that MOC installed new taps in Waterhaven. He reported that MOC is amending the City of Houston/Harris-Galveston Subsidence District water permit.

Mr. Hastings reported that the District is operating below the Drought Contingency Plan threshold. Mr. Hastings reported that he is monitoring the District's water well run times. Director Waters reported that his sprinkler system valve was turned off. Mr. Hastings reported that MOC is not enforcing water restrictions.

Director Clarey left the meeting.

Mr. Hastings reviewed the Termination List, included in the Operations Report.

Upon motion by Director Waters, seconded by Director Cocetti, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Operator's Report and to terminate the delinquent accounts in accordance with the District's rate order.

17. **Election procedures and equipment for 2012.** Mr. Thomas reported that due to high demand for voting machines for the presidential primary in May 2012, F&J is recommending that utility districts enter into voting machine contracts prior to September 30, 2011. He reported that Harris County will not be renting voting machines to utility districts for the May 2012 elections. Mr. Thomas requested the Board approve the Rental of Equipment and Sale of Services Contract with ES&S, a copy of which is attached hereto as Exhibit "L." Mr. Thomas reported that no costs are anticipated if the election is cancelled and the contract with ES&S is cancelled.

Upon motion by Director Cocetti, seconded by Director Waters, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Rental of Equipment and Sale of Services Contract with ES&S.

18. **Other matters.** Mr. Burton provided information on the Association of Water Board Directors' Seminar on Surviving the Drought on October 25, 2011.

19. **Next Meeting Date.** It was the consensus of the Board to hold the next monthly Board meeting on October 19, 2011 at 11:30 a.m. at the offices of Fulbright & Jaworski L.L.P., 1301 McKinney, Houston, Texas 77010.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.

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The foregoing minutes were passed and approved by the Board of Directors on October 19, 2011.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(DISTRICT SEAL)

